

Financial Market Integrity Index

United Kingdom



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MAJOR FINDINGS

- Those who work and live in the United Kingdom demonstrate the most confidence in the integrity of financial service professionals and market foundations. Those outside the United Kingdom also give largely positive ratings to the market.
- Mirroring the concerns of other markets, individuals show the least confidence in ethical integrity of hedge fund and private equity practitioners.
- Survey respondents show demonstrably greater confidence in the ethical conduct of corporate boards and corporate executives in the United Kingdom than they do in those in North American markets.

INTRODUCTION

Financial Market Integrity Index

The Financial Market Integrity Index (the Index), developed by the CFA Institute Centre for Financial Market Integrity, reflects the views and opinions of CFA Institute members around the world.

The Index measures the sentiment of a global cross-section of the CFA Institute membership concerning ethical standards in a number of markets. This report focuses on the U.K. market. For a more in-depth look at the methodology of the Index, please see the methodology section at the back of this report.

The CFA Institute Centre for Financial Market Integrity is the advocacy arm of CFA Institute. With headquarters in Charlottesville, Virginia, and regional offices in New York, Hong Kong, and London, CFA Institute (formerly the Association for Investment Management and Research®) is a not-for-profit professional association of more than 89,000 financial analysts, portfolio managers, and other investment professionals in 130 countries of which over 76,000 are holders of the Chartered Financial Analyst® (CFA®) designation. The CFA Institute membership also includes 134 member societies and chapters in 55 countries and territories.

The CFA charter is widely recognized as the designation of professional excellence within the global investment community. CFA charterholders must pass three rigorous examinations that test their understanding of a number of financial disciplines and ethics, and must complete at least four years of qualifying financial work experience to earn the CFA charter. All members must obey the rules of a principles-based ethical code in order to remain CFA Institute members. The CFA Institute Centre for Financial Market Integrity believes that the informed opinion of this survey group offers valuable insight into the current state of financial market integrity.

The CFA Institute members participating in this survey (survey participants) were asked to evaluate and rate a number of financial market participants (sell-side analysts, money managers, etc.) and market foundations (regulation, transparency, etc.) concerning how these individuals and market foundations contribute to financial market integrity. This survey asked survey participants to answer a number of questions by rating the ethical behavior of these market participants and market foundations on a scale of 1 (poor) to 5 (excellent).

The CFA Institute Centre provides the findings of this report to advance the cause of ethics and integrity in financial markets as reflected in the views of our professional members. This is an opinion-based survey, and CFA Institute makes no representations concerning accuracy or otherwise warrants use of the Index for any purposes by readers. The comments offered in the “Overall Perception” section of this report are those of CFA Institute individual members and do not necessarily represent the opinions of CFA Institute or the CFA Institute Centre. These opinions are identified in quotation marks and are followed by that individual’s job title.

Analysis of in-market vs. out-of-market opinion

Each market was rated by CFA Institute members who work and live inside that market as well as members who work and live outside that market. The survey explores the differences in perceptions in each group, using commentary from members to support such analysis where appropriate.

Analysis of changes in the survey’s rating

The frequency of future surveys will be at least annual, and these future reports will analyze the changes in a market’s overall Index rating and the reasons for that change in rating.

EXECUTIVE SUMMARY

Financial Market Integrity Index: United Kingdom

Survey participants showed a good deal of confidence in the integrity of the financial markets in the United Kingdom. Other than one question concerning the perceived ethical conduct of hedge fund professionals and private equity practitioners, survey participants found each aspect of this market to be adequate or better. For most questions, those who live and practice in the United Kingdom had a higher opinion of the ethical standards of individual practitioners and integrity of the U.K. market than did those outside the United Kingdom.

Concerns over Hedge Funds and Private Equity

The survey questions concerning the perceived ethical behavior of hedge fund and private equity professionals consistently earned a rating below 3 (out of 5), or the adequate threshold in our rating system. Survey participants within the U.K. market appeared more concerned about the lack of transparency and integrity of this area; the average rating within this group for this question was 2.63. Those outside the United Kingdom demonstrated a slightly higher level of confidence in U.K. hedge fund and private equity professionals, granting them a 2.80 rating.

Strong Confidence in Integrity of Market Foundations

Survey participants demonstrated confidence in the integrity of the market foundations they were asked to rate in this survey, with those who practice within the United Kingdom itself offering the highest rating. Questions 7 through 10 in this survey asked participants their confidence in regulatory protections, legal protections, corporate governance, and financial transparency in this market. When averaged together, these four questions earned a “confidence in market foundations” rating of 3.62 from those who practice in the United Kingdom—closer to a very good rating than a simple adequate rating. Those outside the United Kingdom gave an average rating of 3.47 for these questions—slightly lower but still a satisfactory rating.

SUMMARY OF SURVEY PERCEPTIONS

	Average Scores (Range 1–5)		
	Total Rating	In-Market Rating	Out-of-Market Rating
1. Overall Ethical Behavior of Financial Services Professionals	3.72	3.76	3.72
Confidence in the Ethical Behavior of:			
2. Sell-Side Analysts	3.42	3.45	3.41
3. Money Managers	3.55	3.44	3.55
4. Private Equity/Hedge Fund Managers	2.79	2.63	2.80
5. Corporate Boards	3.27	3.51	3.25
6. Corporate Executives	3.21	3.43	3.18
Confidence in Adequate Market Foundations:			
7. Regulatory Protections	3.62	3.79	3.60
8. Legal Protections	3.51	3.67	3.49
9. Corporate Governance Standards	3.35	3.47	3.33
10. Financial Transparency	3.45	3.55	3.44
Confidence in People (2–6)	3.25	3.29	3.24
Confidence in Market Foundations (7–10)	3.48	3.62	3.47
Index Rating (average of questions 1–10)	3.39	3.47	3.38

Note: Survey participants were given the option of answering “not applicable/don’t know” for a question if they felt they could not answer the question or did not have adequate knowledge to answer the question. Therefore, the actual number of responses for each question may be lower than the total number of survey respondents.

Note on ratings: The full versions of the questions asked can be found at the end of this report. The numbers in the columns above reflect the average answers of that group of survey participants for that question. Scores break down in the following manner:

- 1 = poor
- 2 = less than adequate
- 3 = adequate
- 4 = very good
- 5 = excellent

Total Rating: This rating reflects the answers of all survey participants.

In-Market Rating: This rating reflects the answers of all survey participants who live or work in the United Kingdom.

Out-of-Market Rating: This rating reflects the answers of all survey participants who live and work outside the United Kingdom and have indicated that they have experience dealing with the U.K. financial markets and the investment professionals who work in these markets.

OVERALL PERCEPTION OF U.K. MARKET

The following analysis reviews the survey results for each of the 10 survey questions answered by 805 survey participants.

1. Overall Ethical Behavior of Financial Professionals

Please rate the overall quality of ethical behavior by all of those who interact with and contribute to the financial integrity within this market.

	Total	Inside U.K.	Outside U.K.
Poor	1%	0%	1%
Less than Adequate	4%	8%	4%
Adequate	29%	26%	30%
Very Good	53%	47%	54%
Excellent	12%	18%	11%
Rating	3.72	3.76	3.72
Total Respondents	417	38	379

Note: Percentages may not add up to 100 because of rounding.

Confidence in the overall ethical behavior of financial professionals in the United Kingdom earned the highest rating among the questions posed to survey participants. Both those within and outside the U.K. market appear to have significant confidence in the integrity of financial market professionals in this market; over 90 percent of those both inside and outside the country gave an answer of adequate or better for this question.

Only about 5 percent of all survey participants thought that the ethical behavior of financial professionals in the United Kingdom is poor or less than adequate.

Survey Participant Comments

Negative Comments

“Good developed market, but there is less small- and medium-sized company participation.”

—Fund/Portfolio Manager

“I have seen numerous times share prices rise prior to announcements suggesting a high level of insider trading.”

—Buy-Side Analyst

“Too much focus on ‘stakeholders’ instead of ‘shareholders.’”

—Buy-Side Analyst

2. Overall Ethical Behavior of Sell-Side Analysts

Please rate the overall quality of ethical behavior exhibited by analysts (sell side) and the analyst community (sell side).

	Total	Inside U.K.	Outside U.K.
Poor	1%	3%	1%
Less than Adequate	8%	6%	8%
Adequate	46%	39%	47%
Very Good	39%	45%	38%
Excellent	7%	6%	7%
Rating	3.42	3.45	3.41
Total Respondents	338	33	305

Note: Percentages may not add up to 100 because of rounding.

Over 50 percent of those in the United Kingdom rated the behavior of U.K. sell-side analysts as very good or excellent. Those outside the United Kingdom had a favorable opinion of sell-side analysts in this market, with 45 percent of this group citing the ethical behavior of U.K. analysts as very good or excellent.

Only about 9 percent of all survey participants thought the ethical behavior of sell-side analysts in the United Kingdom is poor or less than adequate.

Perceptions of Sell-Side Analysts vs. Non-Sell-Side Analysts

	Sell-Side Analysts	Non-Sell-Side Analysts
Poor	0%	1%
Less than Adequate	6%	8%
Adequate	52%	45%
Very Good	39%	39%
Excellent	3%	7%
Rating	3.39	3.42
Total Respondents	47	307

Note: Percentages may not add up to 100 because of rounding.

Because a number of survey participants were analysts, it is informative to look at results for those who were and were not currently employed as sell-side analysts. There was little difference between sell-side analysts and non-sell-side analysts concerning the overall impression of sell-side analyst ethical performance.

Survey Participant Comments

Positive Comments

“Previously, I did research work on U.K. companies and traveled there extensively. My impression was there is good transparency, good accounting practices, and analysts had very good access to managements, regardless of what type of institutional relationship there might be. Though I am not an expert on this market, this was my personal experience.”

—Investment Consultant

3. Overall Ethical Behavior of Money Managers

Please rate the overall quality of ethical behavior exhibited by money managers (buy side) and mutual fund companies, collective fund schemes, or unit trusts.

	Total	Inside U.K.	Outside U.K.
Poor	1%	0%	1%
Less than Adequate	6%	6%	6%
Adequate	38%	47%	38%
Very Good	46%	44%	46%
Excellent	8%	3%	9%
Rating	3.55	3.44	3.55
Total Respondents	338	34	304

Note: Percentages may not add up to 100 because of rounding.

The answers of the total survey participant population differ little from those of U.K.-based survey participants. None of those who live and work in the United Kingdom gave a rating of poor in this area. Those outside the United Kingdom thought more of the ethical behavior of money managers (average rating of 3.55) than did those based in the United Kingdom (average rating of 3.44).

Over 90 percent of all survey participants thought the ethical conduct of money managers in the United Kingdom is adequate or better.

Perceptions of Money Managers vs. Non-Money Managers

	Money Managers	Non-Money Managers
Poor	0%	1%
Less than Adequate	6%	6%
Adequate	42%	37%
Very Good	43%	48%
Excellent	9%	8%
Rating	3.55	3.55
Total Respondents	115	223

Note: Percentages may not add up to 100 because of rounding.

Because a number of survey participants were money managers, it is informative to look at results for those who were and were not currently employed as money managers. There is little difference in the overall answers given by those who listed themselves as money managers and those who claimed a different profession.

Survey Participant Comments

No comments.

4. Ethical Behavior of Private Equity and Hedge Fund Professionals

Please rate the overall quality of ethical behavior exhibited by private equity and hedge fund professionals.

	Total	Inside U.K.	Outside U.K.
Poor	9%	7%	10%
Less than Adequate	27%	37%	26%
Adequate	42%	41%	42%
Very Good	19%	15%	20%
Excellent	3%	0%	3%
Rating	2.79	2.63	2.80
Total Respondents	267	27	240

Note: Percentages may not add up to 100 because of rounding.

Although the number of survey participants who thought the ethical conduct of private equity and hedge fund professionals in the United Kingdom is poor or less than adequate was relatively high at 44 percent; only 27 survey respondents from the United Kingdom answered this question. This number of respondents may not constitute a representative sample of the larger CFA Institute community in the U.K. Those outside the United Kingdom gave a rating of poor or less than adequate 36 percent of the time.

Although a concerned minority of survey participants expressed unease about the secrecy and lack of transparency of hedge funds and private equity, roughly 64 percent of those surveyed thought the ethical conduct of hedge fund and private equity professionals is adequate or better.

Survey Participant Comments

No comments.

5. Ethical Behavior of Corporate Boards

Please rate the overall quality of ethical behavior exhibited by corporate boards of public companies.

	Total	Inside U.K.	Outside U.K.
Poor	2%	0%	2%
Less than Adequate	11%	6%	11%
Adequate	50%	40%	51%
Very Good	32%	51%	30%
Excellent	5%	3%	5%
Rating	3.27	3.51	3.25
Total Respondents	346	35	311

Note: Percentages may not add up to 100 because of rounding.

Survey participants in the United Kingdom were confident in the ethical conduct of corporate directors in this market, giving this group an average rating of 3.51. Those outside the United Kingdom gave an average rating of 3.25. Nearly 55 percent of those surveyed from the United Kingdom thought the ethical behavior of directors in the United Kingdom is very good or excellent.

The entire survey participant population was more likely to give board ethics a low rating; 13 percent of the total respondents gave a rating of poor or less than adequate. Only 6 percent of those within the United Kingdom gave such a low rating.

Survey Participant Comments

No comments.

6. Ethical Behavior of Executive Management

Please rate the overall quality of ethical behavior exhibited by the executive management of public companies.

	Total	Inside U.K.	Outside U.K.
Poor	5%	0%	5%
Less than Adequate	7%	8%	7%
Adequate	54%	49%	54%
Very Good	32%	35%	31%
Excellent	3%	8%	2%
Rating	3.21	3.43	3.18
Total Respondents	346	37	309

Note: Percentages may not add up to 100 because of rounding.

Over 90 percent of those in the United Kingdom and about 87 percent of those outside the United Kingdom saw the ethical behavior of corporate executives as adequate or better. Most survey participants gave the middle answer of adequate. Fifty-four percent of those outside the United Kingdom and 49 percent of those in the country thought the ethical conduct of management is adequate.

Survey Participant Comments

“It’s a mixed bag really. The real rating is between 2 (less than adequate) and 3 (adequate).”

—Fund/Portfolio Manager

7. Effective Regulation

Please rate the extent to which this market has effective regulators in place.

	Total	Inside U.K.	Outside U.K.
Poor	1%	0%	1%
Less than Adequate	6%	5%	6%
Adequate	35%	28%	36%
Very Good	45%	49%	45%
Excellent	13%	18%	12%
Rating	3.62	3.79	3.60
Total Respondents	377	39	338

Note: Percentages may not add up to 100 because of rounding.

The vast majority of survey participants were content with the current regulatory environment in the United Kingdom. Only 5 percent of those who live and work in the United Kingdom thought that the current level of regulation is less than adequate. No U.K.-based survey participants rated the current regulatory environment as poor.

Those outside the United Kingdom felt much the same way; 93 percent of those surveyed gave current U.K. regulators a rating of adequate or better. Approximately 58 percent of all survey participants gave a rating of very good or better for this question.

Survey Participant Comments

Positive Comments

“FSA better than the SEC.”

—Fund/Portfolio Manager

Negative Comments

“Overzealousness could be an obstacle to foreign investment.”

—Buy-Side Analyst

8. Effective Legal Protections

Please rate the extent to which this market offers effective legal protections to investors.

	Total	Inside U.K.	Outside U.K.
Poor	2%	0%	2%
Less than Adequate	8%	8%	7%
Adequate	39%	25%	41%
Very Good	42%	58%	40%
Excellent	10%	8%	10%
Rating	3.51	3.67	3.49
Total Respondents	333	36	297

Note: Percentages may not add up to 100 because of rounding.

Survey participants in the United Kingdom felt relatively confident in the legal protections offered to investors in this market; only 8 percent thought current legal protections are less than adequate, and no survey participants from the United Kingdom felt that legal protections are poor.

Those outside the United Kingdom gave a slightly lower average rating in this area, 3.49 compared with 3.67 given by those who live and work in the United Kingdom. Only 2 percent of those outside the United Kingdom gave a rating of poor for this question.

Roughly 90 percent of survey participants thought that the legal protections offered to U.K. investors are adequate or better.

Survey Participant Comments

No comments.

9. Effective Corporate Governance

Please rate the strength of corporate governance standards in this market.

	Total	Inside U.K.	Outside U.K.
Poor	2%	3%	2%
Less than Adequate	10%	11%	10%
Adequate	44%	29%	46%
Very Good	37%	53%	35%
Excellent	6%	5%	7%
Rating	3.35	3.47	3.33
Total Respondents	343	38	305

Note: Percentages may not add up to 100 because of rounding.

Survey participants showed confidence in the current corporate governance standards in the United Kingdom. Approximately 58 percent of those in the United Kingdom thought the current level of corporate governance is very good or excellent. Approximately 42 percent of those outside the United Kingdom rated the question this way.

Only 12 percent of all survey participants gave a rating of poor or less than adequate for this question.

Survey Participant Comments

Positive Comments

“U.K. is a standard bearer in corporate governance.”

— Educational

10. Financial Transparency

Please rate the overall level of financial transparency in this market.

	Total	Inside U.K.	Outside U.K.
Poor	1%	0%	1%
Less than Adequate	9%	5%	11%
Adequate	41%	47%	37%
Very Good	41%	34%	40%
Excellent	8%	13%	10%
Rating	3.45	3.55	3.44
Total Respondents	393	38	355

Note: Percentages may not add up to 100 because of rounding.

Survey participants outside the United Kingdom were more likely to label the overall level of financial transparency in the United Kingdom as poor or less than adequate, although only 12 percent did so. Only 5 percent of those who work and live in the United Kingdom rated financial transparency as less than adequate, and no one rated transparency poor. Approximately 47 percent of those in the United Kingdom thought current financial transparency standards in this market are very good or excellent.

Roughly 90 percent of all survey participants thought the overall level of financial transparency in the United Kingdom is adequate or better.

Survey Participant Comments

Negative Comments

“The AIM market disclosure has much to be desired.”

—Investment Banker, Canada

CORRELATIONS

U.K. Answer Correlations

	Overall Behavior	Sell-Side Analysts	Money Managers	Hedge Funds & Private Equity	Corporate Boards	Corporate Executives	Regulatory Protections	Legal Protections	Corporate Governance	Financial Transparency
Overall Behavior	1.0000	0.5257	0.6069	0.3554	0.3838	0.4126	0.4937	0.4195	0.4528	0.4176
Sell-Side Analysts	0.5257	1.0000	0.5584	0.4604	0.4272	0.4873	0.4622	0.4115	0.4772	0.3804
Money Managers	0.6069	0.5584	1.0000	0.4465	0.4210	0.4306	0.6079	0.4325	0.4574	0.4579
Hedge Funds & Private Equity	0.3554	0.4604	0.4465	1.0000	0.4318	0.4235	0.4192	0.4565	0.3961	0.3321
Corporate Boards	0.3838	0.4272	0.4210	0.4318	1.0000	0.6719	0.4418	0.4234	0.6021	0.4229
Corporate Executives	0.4126	0.4873	0.4306	0.4235	0.6719	1.0000	0.5552	0.4989	0.6576	0.5531
Regulatory Protections	0.4937	0.4622	0.6079	0.4192	0.4418	0.5552	1.0000	0.6528	0.6564	0.5982
Legal Protections	0.4195	0.4115	0.4325	0.4565	0.4234	0.4989	0.6528	1.0000	0.6525	0.6199
Corporate Governance	0.4528	0.4772	0.4574	0.3961	0.6021	0.6576	0.6564	0.6525	1.0000	0.6207
Financial Transparency	0.4176	0.3804	0.4579	0.3321	0.4229	0.5531	0.5982	0.6199	0.6207	1.0000

The correlation between the answers for the questions concerning the ethical behavior of boards and the ethical behavior of executives is higher than any two other questions in this survey for the U.K. market, at 0.6719.

Corporate governance protection answers show relatively high correlations with answers for corporate boards (0.6021) and corporate executives (0.6576). The regulatory protections answers are also relatively highly correlated with those for corporate governance (0.6528), as are legal protection answers (0.6564).

Legal protections also tend to be relatively highly correlated with regulatory protections (0.6528).

A perfect positive correlation of 1 would demonstrate that all survey participants answered these questions the same. A perfect negative correlation of -1 would signal that all survey participants provided diametrically opposed answers to these questions. Most other correlations between questions for this market settled below 0.50.

METHODOLOGY AND PARTICIPANT STATISTICS

Methodology

The Financial Market Integrity Index is based on answers provided by our survey respondents to a questionnaire that yields an overall “market integrity” score for each of the markets surveyed. Participants answered 10 questions on a five-point scale (1 = Poor to 5 = Excellent) that were aggregated to arrive at an overall country score. Comments were also collected from survey participants to better communicate the insight of CFA Institute members. Because not all survey participants possess the expertise to answer every question, in addition to the five-point scale, survey participants were given the option to answer “don’t know/not applicable” if they thought they did not possess the requisite knowledge or expertise to answer a particular question.

The CFA Institute membership will participate in this survey on an ongoing basis. The population of each survey will change, however, as new members join CFA Institute and some survey participants fail to answer the survey or drop out of the survey pool.

Survey participants stated that, on average, the survey took approximately 15–20 minutes to complete. To encourage better comparability between answers among survey participants for each individual question, a short definition of what was being discussed in each question was given to survey participants before they answered each question. This more detailed example of these questions is what survey participants saw when they took the survey. For example, the question asking about effective legal protections in a market was followed by a brief definition of what is meant by “effective legal protections.” The full questions and question definitions as seen by survey participants are listed below.

1. Please rate the overall quality of ethical behavior by all of those who interact with and contribute to the financial integrity within this market.

A market characterized by ethical behavior has sufficient controls in place to guard against unethical behavior. In such a market, conflicts of interests are not tolerated if they could harm the interests of shareowners. Firms operating in a highly ethical marketplace expect ethical behavior from their employees and supply employees with the ethical training necessary to ensure a principled market.

2. Please rate the overall level of ethical behavior exhibited by analysts (sell side) and the analyst community (sell side).

Analysts with a high level of ethical integrity are independent, not letting potential conflicts of interest and outside influences other than their diligent research color their opinions. Such analysts put the interests of their clients above those of their firms and issue research reports unbiased by investment banking or any company relationships.

3. Please rate the overall level of ethical behavior exhibited by money managers (the buy side) and mutual fund companies, collective fund schemes, or unit trusts.

Buy-side money managers that exhibit a high level of ethical integrity act in the best interests of investors first and foremost and do not place other interests or incentives (compensation, internal firm conflicts) above those of producing returns for their shareholders. Mutual fund companies, collective fund schemes, or unit trusts that exhibit high ethical standards are structured so that money managers are chosen using “arms-length” transactions that are intended to best benefit shareowners first and foremost. A highly ethical money management industry provides shareholders and potential shareholders with enough information to make informed investment decisions.

4. Please rate the overall level of ethical behavior exhibited by private equity and hedge fund professionals.

Private equity and hedge fund professionals operate in environments that are generally less heavily regulated than those of their buy-side and sell-side compatriots. Private equity and hedge fund professionals that act in an ethical and professional manner do not use a lower level of regulatory oversight as a license to take advantage of their clients. Highly ethical private equity and hedge fund professionals do not break financial market rules or cross ethical lines in their attempts to earn higher returns.

5. Please rate the overall level of ethical behavior exhibited by corporate boards of public companies.

Boards that exhibit integrity are independent of management and do not engage in relationships with management that could compromise the independence of a board member. If such related-party relationships do exist, board members with high levels of integrity remove themselves from decisions in which a conflict of interest exists. Markets in which boards have the ability to act with high levels of integrity allow boards to act in the interests of shareowners and put controls in place to avoid the dominance of board members by management.

6. Please rate the overall level of ethical behavior exhibited by the executive management of public companies.

Executives with a high level of integrity work to build long-term value for shareowners and do not routinely engage in empire building or other self-serving endeavors that put their own interests above those of their shareowners. Such managers look to align their interests with those of the company's shareowners and do not look to manipulate a company's financial position to their own benefit if such action would be to the detriment of company shareowners.

7. Please rate the extent to which this market has effective regulators in place.

Regulators that champion integrity and look to foster ethical behavior protect the interests of shareholders by ensuring timely and transparent corporate disclosures. Such regulators do not tolerate market inefficiencies and conflicts of interest that may be harmful to shareowners. A strong regulatory body also vigorously enforces its regulatory standards in order to ensure compliance, and it does not allow those it regulates to work around regulation or flout the rules with little or no penalty.

8. Please rate the extent to which this market offers effective legal protections to investors.

A developed legal system gives investors the ability to protect their ownership rights; this may include the ability to bring a suit against the board or management or the corporation itself. A market with effective legal protections provides for the initiation and adjudication of claims and does not place onerous legal hurdles in the way of investors in order for them to have their ownership rights protected.

9. Please rate the strength of corporate governance standards in this market.

A market with strong corporate governance standards ensures that the interests of directors and management are sufficiently aligned with shareowners. This market does not allow the interests of management or another interested party to dominate those of shareowners. A market in which companies exhibit an appropriate level of governance controls also allows corporations to develop sustainable businesses that can reward shareowners over the long term while not allowing management or other parties to compromise the prospect of long-term shareowner wealth creation. Corporate governance best practices include independent boards and committees with adequate oversight over company management, adequate accounting and internal control oversight, and sufficient links between executive compensation and company performance.

10. Please rate the overall level of financial transparency in this market.

Financial disclosures should be complete, accurate, and relevant, providing shareowners with the sufficient and detailed information they need to make an informed investment decision. An adequately financially transparent market does not allow corporate enterprises to routinely obfuscate their true financial position, thus leaving shareowners or potential shareowners with a less than optimal understanding of a company's true financial position.

Survey Participant Statistics

The survey population for these reports totaled 805 individuals. The demographic breakdown of this population is as follows:

Profession

Fund manager or portfolio manager	36%
Buy-side analyst	16%
Investment consultant	10%
Sell-side analyst	7%
Investment banker	4%
Risk officer or risk analyst	2%
CEO, CFO, or CIO	2%
Financial analyst	2%
Educational	1%
Credit manager or credit analyst	1%
Investment advisor	1%
Plan sponsor	1%
Other	17%

Types of Assets Analyzed or Purchased in Profession

Equity securities	30%
Both equity and fixed-income securities	29%
Fixed-income securities	16%
Alternative assets (derivatives, options, swaps)	5%
Hedge funds and/or fund of funds	4%
None of the above	4%
All of the above	2%
Other	10%

CFA Charterholders

CFA charterholder	85%
CFA Institute member—not charterholder	15%

Average Assets under Management of Those Survey Participants Who Manage Money

USD 50 Billion or more	8%
USD 20 Billion – USD 50 Billion	5%
USD 5 Billion – USD 20 Billion	13%
USD 1 Billion – USD 5 Billion	23%
USD 250 Million – USD 1 Billion	22%
Less than USD 250 Million	29%

Other Survey Participant Data

Inside United Kingdom: 40
Outside United Kingdom: 765
Average age: 41.06
Average years as charterholder: 7.6